



SWEET HARVEST FOODS

January 30, 2024

Dear Valued Customer:

The purpose of this communication is to make you aware of an emerging issue in the honey industry.

Sweet Harvest Foods has learned that there is a movement underway in India to impose a Minimum Export Price (MEP) on honey that is sold to the United States. Effectively, this would create a price floor on all honey shipped from India to the US that is higher than current trading levels.

Although market dynamics are constantly changing in the industry, we believe that this initiative is noteworthy because:

- More than 20% of all honey consumed in the US is sourced from India (>130M lbs annually)
- With an upcoming election in India in April 2024, it's possible that political forces could speed implementation of the MEP and override purchase contracts that have already been put in place.
- Spiking honey prices in India may affect the competitiveness of that market compared to other origins, which could drive demand shifts across the global marketplace.
- The possibility of this MEP action has already had an impact on price quotes for future honey deliveries from India, which have risen notably over the past two weeks.

Both Sweet Harvest Foods and the National Honey Packers and Dealers Association, a trade group representing honey packers in the US, have sent correspondence to the National Bee Board in India with our feedback and recommendations for consideration. That correspondence is attached to this note for your reference.

We commit to maintaining open communication with you on this issue and will share more information as the details become evident. In the meantime, please don't hesitate to contact your Sweet Harvest Foods sales representative with questions or comments.

Thank you for your continued support.

Sincerely,

John Rzeszut
Sr. Vice President, Sales & Marketing
Sweet Harvest Foods

Chris Nubern, PhD
Chief Procurement Officer
Sweet Harvest Foods



Frequently Asked Questions – January 2024 India Honey Minimum Export Price

Why is this happening?

The petition for a Minimum Export Price (MEP) on honey shipping from India to the US is ultimately being driven by price expectations in India. Since the anti-dumping (AD) order was put into effect in late 2021, the average price paid for Indian honey has dropped substantially. As such, India beekeepers are concerned about the reduced income for their efforts and exporters are worried about the potential that higher AD duties will be imposed during the next review period by the US Department of Commerce.

Has something like this ever happened before?

MEPs have been established for other agricultural products from India, such as onions and basmati rice. Sweet Harvest is aware of some grassroots efforts to establish an MEP on honey in years past, but the momentum and level of engagement with agricultural authorities in India for this most recent campaign is new.

Why now? What's driving the timing of the MEP?

It's election season in India. General elections take place beginning in April 2024, and honey industry participants are lobbying local politicians to support the domestic agricultural industry. As such, there is added political incentive to enact policies that benefit the Indian population prior to the election.

Local market disruptions occur all the time. Why is this one important?

The initial harvest of Indian honey will be underway in a few months, and contracts for millions of pounds of honey have already been agreed-upon by US importers and Indian exporters. If the MEP goes into effect without a delay or grace period, it could lead to a significant default rate and/or renegotiation of existing contracts to reflect higher prices. Depending on the magnitude of the price change, this unplanned government intervention could result in notable impacts on downstream supply agreements.

What if I don't source Indian honey. How is this relevant to me?

In 2022, honey imported from India totaled 135M lbs, which accounts for more than 20% of all honey consumed in the United States. Depending on the magnitude of the price increase caused by the MEP, it may result in Indian honey being less competitive when compared to other origins, which may drive up demand in those origins and potentially lead to shortages and/or higher prices. The honey industry is a global industry, and shocks to one origin have the potential to impact other origins as well.



SWEET HARVEST FOODS

Mr Shri Abhishek Dev, IAS, Chairman
National Bee Board (APEDA) Delhi, India

January 23, 2024

Dear Sir:

Sweet Harvest Foods is the largest U.S. based honey packer and we have a longstanding partnership with the Indian honey industry. As a leader in the honey industry, we also have vast experiences in the global marketplace and strive to support policies that promote international trade. We are writing to you in connection with the proposal to impose a minimum export price (MEP) on Indian honey.

Over the past 15 years or so Indian exporters and US importers have worked extremely hard to build a market for Indian honey and, in spite of several setbacks, to establish a reputation for the product's quality and for the integrity of exporters in delivering according to the contracted terms. It is fair to say we have been successful.

The adoption of an MEP would further disturb market dynamics at a time when world honey markets are still adjusting from the competitive shocks of covid, geopolitical events, and US antidumping policies. If the Indian industry presses forward, care should be taken to ensure that it is not set too high lest it damage India's competitiveness in the world market. In addition, if an MEP is introduced imminently, without any consideration of how existing contracts can be completed, this will cause immense damage to the reputation of the Indian honey industry which we have all worked so hard to build.

As of today's date, Indian exporters and Sweet Harvest Foods have contracts on the books for some considerable quantities of honey to be shipped over the next few months. We have sold this honey to our customers that use Indian honey as an ingredient. Given this situation, it is not difficult to imagine the level of extreme disruption and erosion of confidence in Indian suppliers if an MEP is imposed without any transition period in which the existing contracts could be fulfilled.

We are mindful of the fact that Indian beekeepers are very unhappy about the price levels we have seen in recent months. Even so, much effort has been spent getting Indian honey to be fully accepted in the US market and we don't want that position undermined. Thank you in advance for considering our request and concerns.

Yours sincerely,

Chris Nubern, Chief Procurement Officer
Cnubern@sweetharvestfoods.com

National Honey Packers & Dealers Association

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January 23, 2024

Mr Shri Abhishek Dev, IAS
Chairman
National Bee Board (APEDA)
Delhi, India

Dear Sir:

The National Honey Packers & Dealers Association represents the interests of most honey importers and packers in the United States. We are writing to you in connection with the proposal to impose a minimum export price (MEP) on Indian honey.

Over the past 15 years or so Indian exporters and US importers have worked extremely hard to build a market for Indian honey and, in spite of several setbacks, to establish a reputation for the product's quality and for the integrity of exporters in delivering according to the contracted terms. It is fair to say we have been successful.

We would not presume to argue against the adoption of an MEP, although care should be taken to ensure that it is not set too high lest it damage India's competitiveness in the world market. More important, and our great concern, is that if an MEP is introduced imminently, without any consideration of how existing contracts can be completed, this will cause immense damage to the reputation of the Indian honey industry which we have all worked so hard to build.

As of today's date, Indian exporters and US importers have contracts on their books for some considerable quantities of honey to be shipped over the next few months. The importers have sold this honey on to US packers who have, in turn, made contracts with supermarkets and other major corporations using Indian honey as an ingredient. Given this situation it is not difficult to imagine the level of extreme disruption, and intense anger directed against India, that would erupt if an MEP is imposed without any transition period in which the existing contracts could be fulfilled.

We are mindful of the fact that Indian beekeepers are very unhappy about the price levels we have seen in recent months, and fully understand their desire for the MEP to take immediate effect. However, we respectfully request APEDA to allow a transition period of not less than 5 months – say until June 30th – during which existing contracts can be completed. To ensure that no new contracts are entered into during this period, the Indian government could call for copies of all existing contracts to be registered by a certain date in the near future.

We believe that implementing a transition period will not have a negative impact on the beekeepers, to whom prices are already rising, and it will allow the Indian honey industry to maintain its hard-earned reputation in the US market. Thank you in advance for considering our request.

Yours sincerely,

A handwritten signature in black ink that reads "Bob Bauer". The signature is written in a cursive style with a long, sweeping underline.

Bob Bauer
Executive Vice President
National Honey Packers & Dealers Association
USA